

ANNUAL REPORT 2021

AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

ANNUAL REPORT 2021

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Shaping our future

ARITA Strategic Plan 2025



AMBITION

To lead and support appropriate and efficient means to expertly manage financial recovery.

STRATEGIC PRIORITIES

BE INVALUABLE & INDISPENSABLE

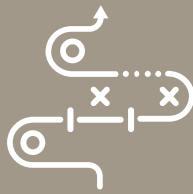


Deliver more value

Member service at the
centre of our focus

Expand and tailor our
member offering

SHAPE THE PROFESSION

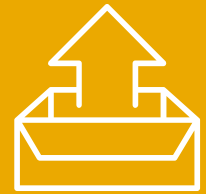


Diversity and Inclusion

Advocate for our
profession

Ensure our professional
standards are met

THRIVE & FUTURE PROOF



Be a sustainable
organisation

Grow our profession's
capability

Grow our sense of
community



MICHAEL BRERETON
ARITA President

PRESIDENT'S MESSAGE

Last year, our Immediate Past President commenced this report with the heading '2020 was a year like no other'. As we look back over 2021, perhaps we should not have been so hasty.

Not only did we have to continue to contend with long lockdowns in some states, but throughout the year we had to deal with event venue restrictions and uncertainty as to public health measures that again cancelled most of our face-to-face learning offerings. Most significantly we had to deal with insolvency levels that sat consistently across 2021 at less than half of their pre-COVID levels. That, of course, meant continuing contractions in the size of most member's firms and reduced the financial capacity for our members to invest in ARITA's training offerings for them or their staff. It's been a tough time for most of the profession and ARITA felt that pressure, as well.

While COVID threw increasing challenges at the profession and at ARITA, what stands out is the resilience and flexibility of our Association to nimbly adapt to whatever it faces.

Of the greatest pride is that, facing the potential of significant losses for the year, the ARITA team created a whole new offering that perfectly met the moment in time, was extraordinarily embraced by our members and mitigated much of those potential losses. While ARITA continues to have appropriate financial reserves and we benefited from a small amount of Commonwealth stimulus payments, bringing us close to a balanced financial result for the year ensured that we didn't have to make difficult decisions about major cuts. However, out of prudence, we did reduce our headcount over the course of 2021 from 12.75 FTEs to 11 FTEs to reflect the challenging conditions.

ARITA'S OFFERINGS DELIVER GREAT OUTCOMES

I mentioned above that the ARITA team delivered a comprehensive new education offering – the live, online and interactive Expert Series – on short notice. A series of six events, it achieved almost 1,000 enrolments, giving access to verifiable CPE for our members at a time when traditional face-to-face CPE remained largely impossible to deliver due to COVID. Such was the success of these events that ARITA has committed to continue to offer them into the future.

Despite the market conditions, we also saw record numbers of enrolments in 2021 for our benchmark Advanced Certification course with 181 students commencing the Fundamentals part of the program and 149 enrolling in Advanced Insolvency.

Driven by a need to be prepared for the commencement of the Small Business Restructuring and Simplified Liquidations, we achieved record subscriptions for our Precedents offering. There were 107 firms registered for this product in 2021. Our Precedents are a critical service to our members – we are able to deliver an essential and complex product for our members that most firms would not be viably able to maintain themselves. We deliver these at an affordable price point set by the size of the firm, ensuring access by the smallest of practices.

We also further supported our members in 2021 by providing comprehensive training for the rushed rollout of the Small Business Restructuring and Simplified Liquidations regimes. Again, leveraging our in-house expertise, we were able to give over 900 members free and timely insights into these new laws as they went live.

NEW STRATEGIC PRIORITIES

Despite the challenges of setting strategy during the profound uncertainty of COVID, it was clear to the Board that our way forward as an association would be founded on three new pillars that we adopted in 2021.

Those three pillars are to:

- Be invaluable and indispensable
- Shape the profession
- Thrive and future proof

These are evolutionary steps from our strategy to 2020, but they set about creating an even stronger future for ARITA. They speak to building an association that is integral to our members and their firms, that positively leads the profession and that evolves to long term sustainability by relying less on traditional revenue streams.

Like many other organisations, the need to respond to COVID accelerated our change programs. ARITA intends to maintain that momentum as best we can, especially as we know that we face continuing trading challenges in 2022 that are underpinned by those same trading challenges that our members are facing until insolvency appointment volumes return to their more natural levels.

I'd like to acknowledge the voluntary contribution of the huge number of members of our committees, task forces and education speakers. Indeed, close to 1 in 5 of members contribute in this way. That is an amazing level of engagement that most other associations would envy. Our success as an association exists because of what you bring to us and share with the rest of the profession. Your efforts were never more valued than during this COVID period and, on behalf of the ARITA Board, I thank you.

Michael Brereton, President

ARITA Professional Membership continues to be resilient.

At a time of unprecedented pressure on the profession, ARITA was delighted with the strong retention of our membership during 2021.

With historic low levels of formal insolvency work the profession continued to go through a significant contraction. This did not stop ARITA from achieving 96.5% membership retention for the year. Considering ARITA Professional Membership is optional, this is a significant achievement in light of market conditions.

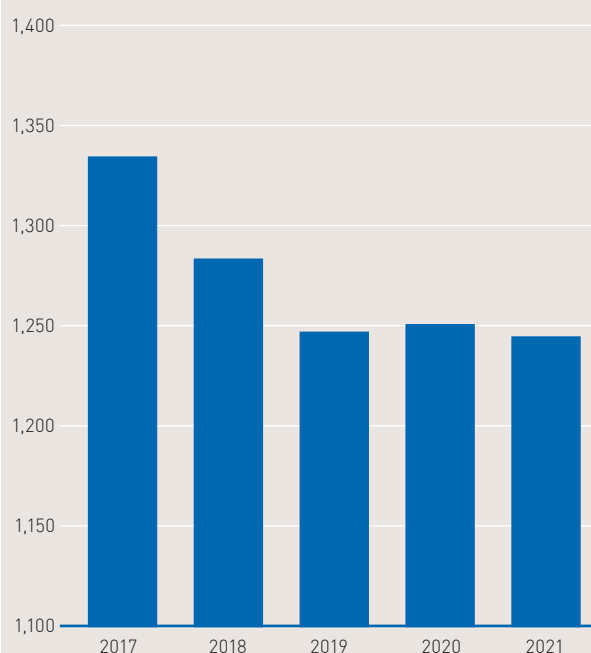
ARITA also welcomed 39 new Professional Members during the year, concluding our membership numbers for the year at a stable level. Our total membership and subscriber numbers finished the year at 2339.

NEW MEMBERS 2021

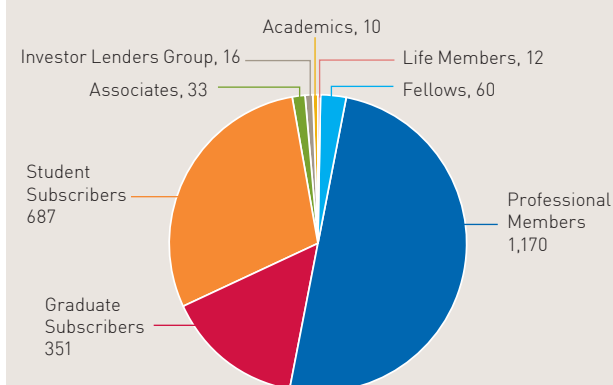
Member category	Number of members
Academic	1
Associate	2
Lender & Investor	0
Graduate	148
Professional	39

Total 190

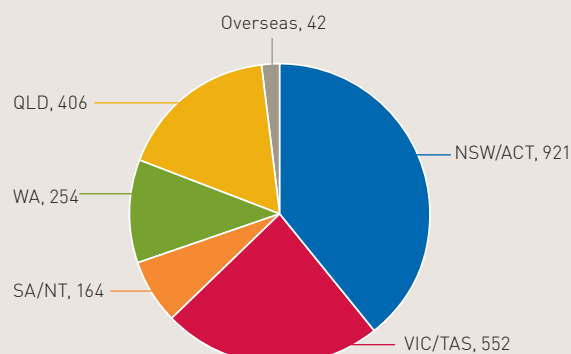
PROFESSIONAL MEMBERS 2017-2021



2021 MEMBERS & SUBSCRIBERS BY CATEGORY



2021 MEMBERS & SUBSCRIBERS BY DIVISION



Adapt, evolve and innovate.

Once again in 2021, ARITA had to adapt to the uncertainty of the pandemic to ensure all members could enjoy a full CPE schedule.

EXPERT SERIES

ARITA's Online Expert Series was introduced to fill the professional development gap left by our cancelled National and Small Practice Conferences in 2021.

Curated with the mid to senior practitioners in mind and priced extremely competitively to ensure ARITA members could complete their CPE requirements in a very turbulent year. The series of half-day online seminars attracted close to 1,000 delegates nationally across four headline topics: Bankruptcy, Insolvency, Restructuring & Turnaround and Small Practice.

Such was the success of the 2021 program, we have made this a permanent annual offering.

ADVANCED CERTIFICATION

Our Advanced Certification course received registration numbers not seen since 2014, when it was formerly known as the Insolvency Education Program (IEP).

LAW REFORM 2021

Presented by ARITA's Specialist Team and available on demand via our Learning Management System, ARITA offered two training sessions on Small Business Restructuring and Simplified Liquidation and Ancillary Reforms in 2021.

Training on the new regimes was free of charge for members and subscribers. More than 900 ARITA members and subscribers enrolled for the sessions.

ATTENDANCE AT FORMAL COURSES

Course	Attendees	Courses held
Advanced Certification	345	3
Fundamentals of Restructuring Insolvency & Turnaround	181	1
Advanced Insolvency	149	1
Advanced Restructuring & Turnaround	15	1
Introduction to Insolvency Program	207	14
Face-to-face	140	9
Online	67	5
Essential Skills	627	20
Bankruptcy	120	4
Insolvency Law	153	4
Insolvency	283	8
Restructuring	71	4
Law Reform 2021	907	1
On-demand	907	1
Total	2,086	38

ATTENDANCE AT TOPICAL CPE EVENTS IN 2021

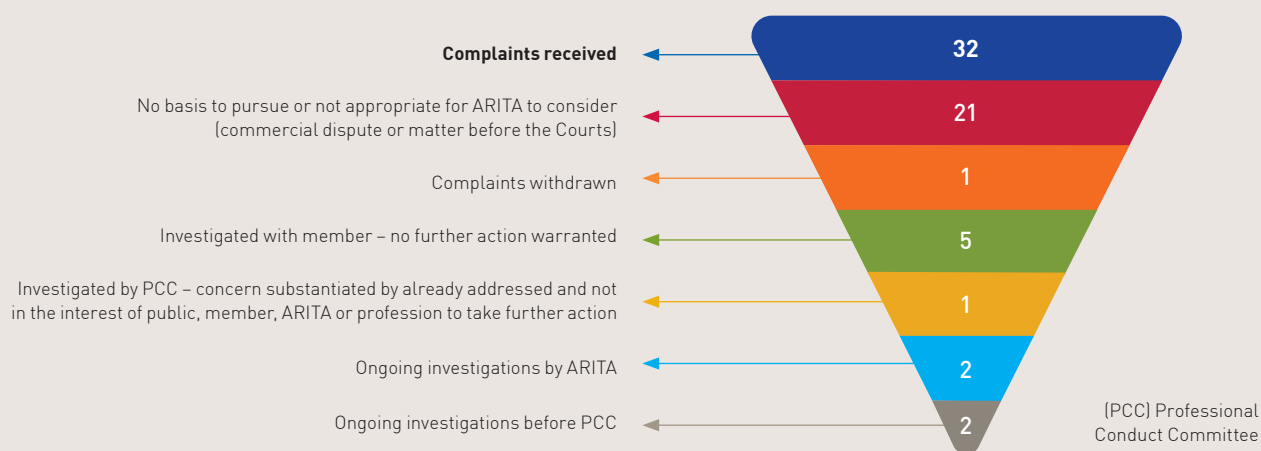
Event	Attendees	Events held
Conferences (networking dinner not incl.)	520	5
NSW Division Conference	144	1
VIC/TAS Division Conference	86	1
QLD Division Conference	129	1
WA Division Conference	76	1
SA/NT Division Conference	85	1
Expert Series	964	6
Bankruptcy	208	1
Small Practice	292	2
Insolvency	295	2
Restructuring & Turnaround	169	1
Forums (CPE only)	3,214	29
Face-to-face	545	20
Online	2,669	9
Young Professionals Seminars	340	4
Face-to-face	183	3
Online (NSW/ACT only)	157	1
Total	5,038	44

ARITA plays a key role in maintaining high standards of professional & ethical conduct.

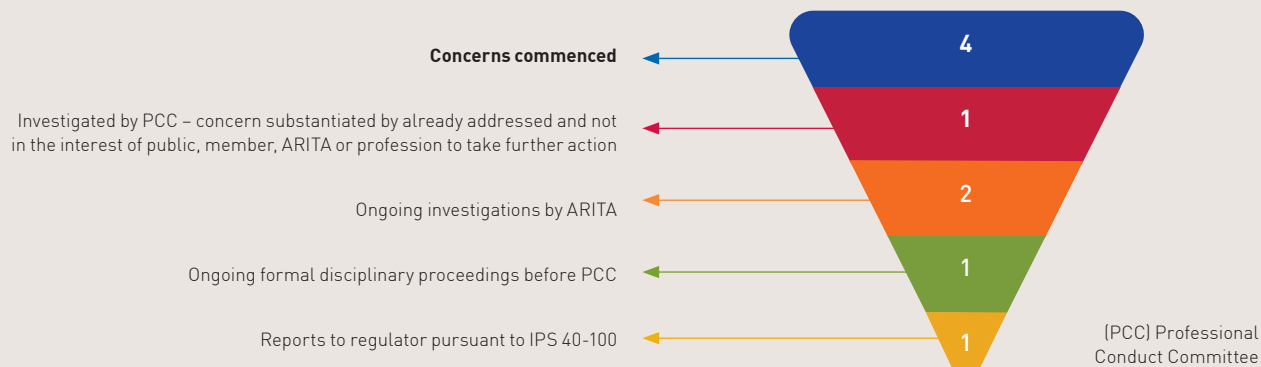
ARITA receives and investigates complaints about the professional conduct of members, and about the professional processes of ARITA members' firms. We also investigate concerns about the professional conduct of members that arise other than by way of a complaint.

Details of ARITA's processes for investigating complaints and concerns are on our website, together with published outcomes of disciplinary proceedings.

COMPLAINTS 2021



CONCERNS 2021



Providing respected, expert advice on public policy issues.

A RITA makes significant investments into resourcing the role of representing the profession in various inquiries, hearings and policy consultations. 2021 proved to be one of our busiest years on record for providing submissions to government. These are listed below.

ARITA SUBMISSIONS FOR 2021*

January 2021

- Bankruptcy Regulations 2021

February 2021

- National Consumer Credit Protection Amendment (Debt Management Services) Regulations 2021 – Licensing debt management firms
- Discussion paper: Modernising Business Communications – Improving the Technology Neutrality of Treasury Portfolio Laws
- Discussion paper: The bankruptcy system and the impacts of coronavirus
- Consultation Paper: Increasing the statutory demand threshold

March 2021

- ASIC Consultation Paper 337: Externally administered company: Extending financial reporting and AGM relief
- ALRC Review of the Legislative Framework for Corporations and Financial Services Regulation

April 2021

- ASIC performance against the Regulator Performance Framework 2019-20

May 2021

- Treasury Laws Amendment (2021 Measures No.5) Act 2021 (former name Treasury Laws Amendment (Corporate Insolvency Reforms Consequential) Bill 2021) – Consequential amendments to small business insolvency reforms

June 2021

- ALRC review of the legislative framework background paper
- Letter to Tax Practitioners Board: Information Sheet TPB(I) 12/2012 – Insolvency Practitioners: Do you need to register as a tax or BAS agent?

July 2021

- Letter to ASIC: Clarification on the conduct of virtual meetings during a period of external administration

August 2021

- Cost Recovery Implementation Statement: ASIC industry funding model (2020–21)
- ASIC Consultation Paper 345: Litigation Funding Schemes: Guidance and Relief

September 2021

- Improving schemes of arrangement to better support business
- Joint letter to the Treasurer: Review of ASIC Industry Funding Model and targeted relief on ASIC Levies co-signed with CPA, CA ANZ and seven other organisations
- Letter to the Treasurer: ASIC Industry Funding Model – Registered Liquidators

October 2021

- Review of the insolvent trading safe harbour

November 2021

- Treasury Laws Amendment (Corporate Insolvency Reforms Consequential) Regulations 2021 – Consequential amendments to regulations supporting small business insolvency reforms
- APES 330 Insolvency Services

December 2021

- Clarifying the treatment of trusts under insolvency law
- Treasury Laws Amendment (Measures for Consultation) Bill 2021 – Miscellaneous amendments to Treasury portfolio laws 2022
- Treasury Laws Amendment (Modernising Business Communications) Bill 2021 – Improving the technology neutrality of Treasury portfolio laws
- AFSA performance against the Regulator Performance Framework 2020-21

** In addition to the above list, ARITA was also involved in a number of confidential submissions and responses and follow up discussions in respect of the above submissions.*

Our member committees are our eyes & ears.

ARITA's strategic governance is led by a national board of 14. It is made up of a President, Deputy President, a nominee elected by each Division Committee, the CEO/Company Secretary and up to 5 additional members appointed by the Board.

However, as an organisation we rely heavily on our Division Committees, our Young Professionals Committees and our specialist board and advisory committees to ensure we engage deeply with our members, understand the issues facing their membership, the wider market and hear feedbacks. Our Division and Young Professional Committees lead our local events and learning activities, as well.

All committees play a vital role in our operations and inability to deliver on our member value proposition.

Membership of these committees, like our Board, are all voluntary positions and their contribution is gratefully acknowledged.

Details regarding our Directors (National Board Members) can be found in the statutory financial reports.

2021/22 BOARD COMMITTEES

FINANCE COMMITTEE	
Kelly-Anne Trenfield , Chair	FTI Consulting
Leanne Chesser , Deputy Chair	Korda Mentha
Daniel Woodhouse	FTI Consulting
Mathew Gollant	CJG Advisory
Kathy Sozou	McGrathNicol
MEMBERSHIP COMMITTEE	
Jason Porter , Chair	SV Partners
Daniel Woodhouse , Deputy Chair	FTI Consulting
Leanne Chesser	KordaMentha
Mike Hayes	Piper Alderman
Michael Brennan	Offermans
Danielle Funston	Maddocks
PROFESSIONAL CONDUCT COMMITTEE	
Bruce Gleeson , Chair	Jones Partners
Mike Hayes , Deputy Chair	Piper Alderman
Kelly-Anne Trenfield	FTI Consulting
Danielle Funston	Maddocks
Alan Scott	SV Partners
Paul Cook	Paul Cook & Associates
Anthony Elkerton	DW Advisory
Ross McClymont	Ashurt
SMALL PRACTICE ADVISORY COMMITTEE	
Michael Brennan , Chair	Offermans
Mathew Gollant , Deputy Chair	CJG Advisory
Bruce Gleeson	Jones Partners
Anthony Elkerton	DW Advisory
Anthony Phillips	Heard Phillips Lieberenz
Glen Oldham	Oldhams Advisory
Alan Hayes	Hayes Advisory
Robyn Erkin	Brooke Bird
Chad Rapsey	Rapsey Griffiths
Anthony Warner	CRS Insolvency Services
John Shanahan	Gervase Consulting

BALANCE TASKFORCE (DIVERSITY & INCLUSION)	
Rachel Burdett , Chair	Cor Cordis
Liam Bailey , Deputy Chair	O'Brien Palmer
Mathew Gollant	CJG Advisory
Kathy Sozou	McGrathNicol
Scott Atkins	Norton Rose Fulbright
Paul Cook	Paul Cook & Associates
Robyn Erskine	Brooke Bird
Natasha Toholka	Norton Rose Fulbright
Melissa Jeremiah	Maddocks
Dominique Hogan-Doran SC	NSW Bar
Nick McGuigan	Monash Business School
Tianne Nagy-Jones	Grant Thornton
ASIC LIAISON	
Michael Brereton , Chair	William Buck
Rachel Burdett , Deputy Chair	Cor Cordis
Jason Porter	SV Partners
Kim Arnold	ARITA
John Winter	ARITA
AFSA LIAISON	
Rachel Burdett , Chair	Cor Cordis
Jason Porter , Deputy Chair	SV Partners
Kelly-Anne Trenfield	FTI Consulting
Narelle Ferrier	ARITA
John Winter	ARITA
JOINT ASIC/AFSA LIAISON	
Michael Brereton , Chair	William Buck
Rachel Burdett , Deputy Chair	Cor Cordis
Jason Porter	SV Partners
Narelle Ferrier	ARITA
Kim Arnold	ARITA
John Winter	ARITA

2021/22 DIVISION COMMITTEES

NSW/ACT DIVISION (from the 20 April 2021 AGM)	
Danielle Funston , Chair	Maddocks
Kathy Sozou , Deputy Chair	McGrathNicol
Alan Hayes , Secretary	Hayes Advisory
Liam Bailey	O'Brien Palmer
Andrew Bowcher	RSM Australia
Michael Brereton , (ARITA Deputy President)	William Buck
Kate Conneely	KordaMentha
Kirsten Farmer	Mills Oakley
Bruce Gleeson	Jones Partners
Rajiv Goyal	Wexted Advisors
Hannah Griffiths	Gilchrist Connell
Steven Mattiussi	Watson Mangioni Lawyers
Jason Porter (Board representative)	SV Partners
Jonathon Turner	Norton Rose Fulbright
QLD DIVISION (as at 15 April 2021 AGM)	
Kelly-Anne Trenfield , Chair (Board representative)	FTI Consulting
Michael Brennan , Deputy Chair	Offermans Partners
Glen Oldham , Secretary	Oldhams Advisory
Anthony Connelly	McGrathNicol
Chris Cook	Worrells
Ian Dorey	K&L Gates
Michael Fingland	Vantage Performance
Matthew Joiner	Cor Cordis
Damien Lau	Bentleys
Tim Michael	Ferrier Hodgson
Helen Newman	BDO
David O'Farrell	McCullough Robertson Lawyers
Michael Owen	PwC
Peter Smith	Johnson Winter & Slattery

Governance and Member Engagement

SA/NT DIVISION (as at 7 April 2021 AGM)	
Samuel Black , Chair	O'Loughlins Lawyers
Natasha Riach , Deputy Chair/Secretary	Mansueto Legal
Craig Hannam	Ferguson Hannam
Mike Hayes (Board representative)	Piper Alderman
Anthony Phillips	Heard Phillips Lieberenz
Thomas Salleh	Clifton Hall
Alan Scott	SV Partners
VIC/TAS DIVISION (as at 14 April 2021 AGM)	
Leanne Chesser , Chair (Board representative)	KordaMentha
Melissa Jeremiah , Deputy Chair	Maddocks
Adrian Hunter , Secretary	Brooke Bird & Co
Travis Anderson	Deloitte
Rachel Burdett	Cor Cordis
Jim Downey	JP Downey & Co
Mathew Gollant	CJG Advisory
Geoff Green	Harbourside Advisory
Paul Langdon	Vince & Associates
Michael Lhuede	Piper Alderman
Neil McLean	Rodgers Reidy
Fiona Murray-Palmer	Norton Rose Fulbright
Tianne Nagy-Jones	Grant Thornton
Katherine Payne	Hall & Wilcox
WA DIVISION (as of 12 April 2021 AGM)	
Wayne Rushton , Chair (to 11/10/2021)	KPMG
Nirupa Manoharan , Chair (as of 11/10/2021)	
Deputy Chair (to 11/10/2021)	Mills Oakly
Michelle Shackles , Deputy Chair (as of 11/10/2021)	BRI Ferrier
David Blanchett , Secretary	Sheridan Chartered Accountants
Jeffery Black	Norton Rose Fulbright
Carmen Boothman	HWL Ebsworth Lawyers
David Bryant	McGrathNicol
Michelle Dean	Corrs Chambers Westgarth
Matthew Donnelly	Deloitte
Malcolm Field	SV Partners
James Hewer (joined committee 11/10/2021)	Hogan Lovells
Daniel Woodhouse (Board representative)	FTI Consulting

2021/22 YOUNG PROFESSIONALS COMMITTEES

NSW YOUNG PROFESSIONALS COMMITTEE	
Chris Moses , Chair	CBA
Jessica Costanzo , Deputy Chair	Grant Thornton
Alister Yee , Deputy Chair	Vincent
Casey Au	PKF
Lucinda Blue	Ashurst
Tom Gardner	Clayton Utz
Rebecca Halteh	Gilbert + Tobin
Daniel Houghton	Corrs Chambers Westgarth
Catherine Jaques	FTI Consulting
Tomas Lee	KordaMentha
Caitlin McTaggart	Johnson Winter & Slattery
Scott Rogers	McGrathNicol
Samwise Wheeler	McGrathNicol
Alex Winston	Bridges Lawyers
ACT YOUNG PROFESSIONALS COMMITTEE	
Sarah Hendry , Chair	McInnes Wilson Lawyers
Adam Cormack	RSM Australia
Melissa Lucas	Slaven Torline
QLD YOUNG PROFESSIONALS COMMITTEE	
Matthew Hudson , Chair	SV Partners
Aleksandra Moore , Deputy Chair	Moore Lawyers
Sarah Dwyer	Deloitte
Antoinette Fielding	BDO
Declan Lane	Worrells
Renee Lobb	FTI Consulting
Isabel Lutvey	Ernst & Young
Yana Martirosova	Robson Cotter
Gregory Pitt	KPMG
Patrick Quigley	KordaMentha
Matthew Rodgers	RBG Lawyers
Aaron Smith	Slattery Auctions
Andrew Staples	Minter Ellison
Cameron Wall	Vantage Performance

SA/NT YOUNG PROFESSIONALS COMMITTEE	
Antony Disciscio , Chair	Piper Alderman
Callum Rosenzweig , Deputy Chair	Duncan Powell
Eddie Bastiani	Oakbridge Lawyers
Stephanie Campbell	Finlaysons Lawyers
Daniella Carling	Andreyev Lawyers
Rebecca Coates	SV Partners
Drew Craven	Andreyev Lawyers
Matthew Jeffery	Heard Phillips Lieberenz
Karl Johanson	Duncan Powell
Travis Munckton	Bernardi Martin
VIC/TAS YOUNG PROFESSIONALS COMMITTEE	
Sarah Arnfield , Chair	KPMG
Annalise Andrews , Deputy Chair	Ashurst
Nikita Angelakis	Mills Oakley
Becci Cartoon	Gilbert + Tobin
Natalie Shusin Chin	KordaMentha
Adrian D'Aprano	PwC
Stephanie Elder	Grant Thornton
Mathew Gashi	Maddocks
Stefanie Krienke	Hamilton Murphy
Alex Mendez	Rodgers Reidy
Laura Mills	The Victorian Bar
Temple Saville	The Victorian Bar
Allan Stonehouse	McGrathNicol
Daniel Teoh	Minter Ellison
WA YOUNG PROFESSIONALS COMMITTEE	
Luke Parker , Chair	KPMG
Martin Fletcher , Deputy Chair	Murfett Legal
Amber Andre	McGrathNicol
Louis Bailey	Ernst & Young
Conor Breheny	Francis Burt Chambers
Aaron Dominish	Hall Chadwick
Tegan Healey	Lavan
Michael Holmes	Vantage Performance
Sarah Marsegaglia	Sheridans
Joanna Muir	Deloitte
Shannon O'Connor	RSM Australia
Naomi Read	KordaMentha
Isobel Rosenstreich	Allens
Dharshika Sriskandadas	CBA

Financial resilience despite tough market conditions.

While ARITA had to endure the cancellations of most of our face-to-face learning activities, the nimble response of the ARITA team in creating new offerings and responding to the members' needs substantially reduced the potential financial impact. Gratefully, ARITA also received COVID stimulus payments of \$118,735 which supported our continuing operations and helped retain much of our staff.

As can be seen in the following statutory financial reports, ARITA recorded a small loss of \$42,282 on \$4,052,087 of revenue (1.0% loss margin).

This compares to our ten year trading average of an annual \$59,251 profit on \$4,104,664 of revenue.

At the close of the 2021 Financial year, ARITA has a net equity of \$1,558,027 (down from \$1,600,309).



FINANCIAL STATEMENTS 2021

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Directors' Report

For the year ended 31 December 2021

The directors present their report on Australian Restructuring Insolvency and Turnaround Association (ARITA) for the financial year ended 31 December 2021.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Name	Position	Appointed/Resigned
Scott Atkins	President	Resigned 25/05/2021
Michael Brereton	Deputy President/President	Appointed President 25/05/2021
Rachel Burdett	Vice President/Deputy President	Appointed Deputy President 25/05/2021
Katherine Barnet	Director	Resigned 25/05/2021
Michael Brennan	Director	Appointed 01/03/2021
Leanne Chesser	Director	Appointed 25/05/2021
Danielle Funston	Director	Appointed 25/05/2021
Bruce Gleeson	Director	
Mathew Gollant	Director	Appointed 25/05/2021
Mike Hayes	Director	
Robyn McKern	Vice President	Resigned 25/05/2021
Anthony Phillips	Director	Resigned 25/05/2021
Jason Porter	Director/Vice President	Appointed Vice President 25/05/2021
Peter Schmidt	Director	Resigned 23/02/2021
Kathy Sozou	Director	Appointed 25/05/2021
Kelly-Anne Trenfield	Director/Vice President	Appointed Vice President 25/05/2021
John Winter	Director/Company Secretary	
Daniel Woodhouse	Director	
Non-director board participant		
Scott Atkins	Immediate Past President	Appointed 25/05/2021
Ross McClymont	Immediate Past President	Resigned 25/05/2021

Principal activities

The principal activities of the Company during the financial year were the provision of member services including education and training.

Objectives

The Company's short-term and long-term objectives, as outlined in the 'ARITA Strategic Plan' are to:

- **DELIVER MORE VALUE**
ARITA aims to become invaluable and indispensable to our members and their firms. We will ensure that member service is at the centre of our focus and we will continue to expand and tailor our member offering.
- **SHAPE THE PROFESSION**
ARITA aims to shape our profession by leading the diversity and inclusion agenda. We will continue to advocate for our profession. ARITA will also ensure our professional standards are met.
- **THRIVE AND FUTURE PROOF**
We will ensure that we are a sustainable organisation. We will grow our profession's capability and we will grow our sense of community we must also contend with many other players offering competitive services to our core activities.

All of ARITA's operational activities are guided by these three pillars.

For the year ended 31 December 2021

Strategies

To achieve its stated objectives, the 'ARITA 2025 Strategic Plan' was developed as a result of intensive facilitated sessions with the Board and senior ARITA staff. The Strategic Plan outlines a framework for progressive improvements that build on the already strong foundations.

Key performance measures

ARITA measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of ARITA and whether the short-term and long-term objectives are being achieved.

Information on directors

The names of each person who has been a director during the year and to the date of this report, their qualifications and special responsibilities are as follows:

Director	Qualifications	Committee and Liaison Responsibilities
Scott Atkins Immediate Past President	B.Econ LLB, RITF Fellow – INSOL International Partner – Norton Rose Fulbright	AFSA Liaison (Chair 2020/2021) ASIC Liaison (Chair 2020/2021) ASIC/AFSA Joint Liaison (Chair 2020/2021) (2021/2022) INSOL International Director
Katherine Barnet s 20.3 Appointee	B. Com (Finance), M. Com, RITF, FCA Partner – Olvera Advisors Registered Liquidator – 2004 Registered Trustee – 2008	
Michael Brennan s 20.3 Appointee	LLB, MPA, Grad Cert Insol Prac Principal – Offermans Partners Registered Trustee in Bankruptcy – 2008 Deputy President Qld Law Society	Membership Committee (2021/2022) Small Medium Practice (Chair 2021/2022)
Michael Brereton Deputy President	B.Com, B.Com (Hons), H.Dip Company Law, MBA, RITF, CA Director – William Buck Registered Liquidator – 2005	ASIC Liaison (Chair 2021/2022) (Deputy Chair 2020/2021) ASIC/AFSA Joint Liaison (Chair 2021/2022) (Deputy Chair 2020/2021) Finance (Chair 2020/2021) Technical Working Group
Rachel Burdett Deputy President	B.Acc, CA, GAICD, RITF Partner – Cor Cordis Registered Liquidator 2010	AFSA (2020/2021) (Chair 2021/2022) ASIC Liaison (2020/2021) (Deputy Chair 2021/2022) ASIC/AFSA Joint Liaison (2020/2021) (Deputy Chair 2021/2022) Diversity and Inclusion (Chair)
Leanne Chesser VIC/TAS nominee	B.Comm, CA Partner – KordaMentha Registered Liquidator – 2007	Finance (Deputy Chair 2021/2022) Membership (2021/2022)
Danielle Funston s 20.3 Appointee	B.Law (Hons), BA (Comms), RITF Partner at Maddocks	Professional Conduct (Chair 2021/2022) Membership (2021/2022)
Bruce Gleeson s 20.3 Appointee	B. Comm, FCA, FCPA, RITF, JP (NSW) Principal – Jones Partners Registered Liquidator – 2002 Registered Trustee – 2003	Professional Conduct (2020/2021 Deputy Chair) (Chair 2021/2022) Small Medium Practice (Deputy Chair 2020/2021)

Directors' Report continued

For the year ended 31 December 2021

Information on Directors *(continued)*

Director	Qualifications	Committee and Liaison Responsibilities
Mathew Gollant s 20.3 Appointee	BA.Grad Dip Acc, FCPA, RITF Director – CJG Advisory Registered Liquidator – 2009 Registered Trustee – 2011	Diversity and Inclusion Finance (2021/2022) Small Medium Practice (2020/2021) (Deputy Chair 2021/2022)
Mike Hayes SA/NT nominee	B. Juris, LLB, M(Com) Law, Graduate Certificate in Insolvency and Restructuring, GAICD, RITF Partner – Piper Alderman	Membership Professional Conduct (2020/2021) (Deputy Chair 2021/2022)
Robyn McKern Vice President	B.Econ, RITF, FCA, GAICD Partner – McGrathNicol Registered Liquidator – 2000	Finance (2020/2021) Membership (Chair 2020/2021)
Anthony Phillips s 20.3 Appointee	B. Econ, CA, RITF Director – Heard Phillips Lieberenz Registered Liquidator – 2007	Small Medium Practice (2020/2021) (Chair 2021/2022)
Jason Porter NSW/ACT nominee	B.Com, CA, RITF, JP Partner – SV Partners Registered Trustee – 2005 Registered Liquidator – 2011	AFSA Liaison (Deputy Chair) ASIC Liaison (2020/2021) (Deputy Chair 2021/2022) ASIC/AFSA Joint Liaison Membership (Chair 2021/2022)
Peter Schmidt QLD nominee	B.Com, LLB, RITF Partner – Norton Rose Fulbright	Professional Conduct (2020-2021-Chair) Membership (2020-2021- Deputy Chair)
Kathy Sozou	B.Com, CA, RITF Partner - McGrathNicol Registered Liquidator - 2018	Diversity and Inclusion (2021-2022) Finance (2021-2022)
Kelly-Anne Trenfield s 20.3 Appointee	B.Bus (Accountancy), RITF, CA, JP (Qld) Snr Managing Director – FTI Consulting Registered Liquidator – 2007 Registered Trustee – 2006	AFSA Liaison Finance (Deputy Chair 2020/2021) (Chair 2021/2022) Professional Conduct
John Winter Company Secretary	B.Com (Econ & Finance), GAICD Chief Executive Officer, ARITA since 2014	AFSA Liaison ASIC Liaison ASIC/AFSA Joint Liaison Finance
Daniel Woodhouse WA nominee (2020-2021)	B.Com (Accounting), CA Snr Managing Director – FTI Consulting Registered Liquidator – 2018	Finance Membership (2020/2021)(Deputy Chair 2021/2022)
Non-director board participant		
Ross McClymont Immediate Past President	LLB, B.Com, RITF Partner – Ashurst	Diversity and Inclusion (2020-2021)

Note that Committee and Liaison appointments generally rotate at the Board meeting following the AGM (usually held in May). This table represents directors having held an appointment to one of these groups over the annual reporting period. Appointments held before the 2021 AGM have been marked as '2020-2021' and those held only after the 2021 AGM are marked '2021-2022'. Committee appointments with no years specified were held for the entire financial year [2021].

Scott Atkins replaced Ross McClymont as the Immediate Past President after the May 2021 AGM and will remain so until the 2023 AGM.

Directors' Report *continued*

For the year ended 31 December 2021

Members guarantee

ARITA is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards any outstanding obligations of the company. At 31 December 2021, the total amount that members of the company are liable to contribute if the company is wound up is \$126,000 (2020: \$128,400 – noting that ARITA amended its Constitution in May 2018, removing the categories of Graduate Member and Student Member. These former categories are now offered as subscriptions).

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 31 December 2021, and the number of meetings attended by each director were:

Directors Meetings		
	Eligible to attend	Attended
Scott Atkins	3	3
Katherine Barnet	3	3
Michael Brennan	4	4
Michael Brereton	5	5
Rachel Burdett	5	5
Leanne Chesser	2	2
Danielle Funston	2	2
Bruce Gleeson	5	4
Michael Gollant	2	2
Mike Hayes	5	5
Robyn McKern	3	3
Anthony Phillips	3	3
Jason Porter	5	5
Peter Schmidt	1	–
Kathy Sozou	2	2
Kelly-Anne Trenfield	5	5
John Winter	5	5
Daniel Woodhouse	5	5
Non-director board participant		
Scott Atkins	2	2
Ross McClymont	3	3

Eligible to attend: represents the number of meetings held during the time the director held office.

Directors' Report *continued*

For the year ended 31 December 2021

Indemnity and insurance of officers

During the financial year, the company has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the company. Officers indemnified include the directors and executive officers participating in the management of the company.

Further disclosure required under s 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

Indemnity and insurance of auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to s 298(2)(a) of the Corporations Act 2001.

On behalf of the directors.



Michael Brereton

Director

14 April 2022



Rachel Burdett

Director

14 April 2022

Auditor's Independence Declaration

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Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***To the Board of Directors of Australian Restructuring Insolvency and Turnaround Association**

As lead audit director for the audit of the financial statements of Australian Restructuring Insolvency and Turnaround Association for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Ltd

Vishal Modi
Director

Dated this 14th day of April 2022

Nexia Sydney Audit Pty Ltd (ABN 77 606 785 399) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

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Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Income			
Advertising and marketing		11,577	6,420
Education and training		1,578,739	1,342,871
Events management		608,581	199,204
Interest		614	4,317
Membership		1,397,668	1,397,001
Sale of precedents		240,100	164,050
Sponsorship		96,073	76,480
Government stimulus grants		118,735	447,400
		4,052,087	3,637,743
Expenditure			
Accounting and auditing fees		(28,506)	(28,483)
Advertising and marketing expenses		(147,203)	(153,40)
Employee expenses		(1,726,339)	(1,670,943)
Education and training expenses		(792,515)	(601,274)
Depreciation and amortisation expense		(115,008)	(110,886)
Depreciation and amortisation expense - Right of Use		(168,819)	(152,870)
Events management expenses		(399,410)	(124,742)
Information technology expenses		(137,978)	(69,788)
Membership expenses		(250,226)	(387,754)
Occupancy expenses		(23,595)	(13,234)
Office and administration expenses		(163,615)	(156,029)
Precedent development		-	(26,371)
Superannuation		(140,395)	(127,565)
Travel and accommodation		(10,004)	(24,317)
Finance costs		(6,581)	(11,272)
Total expenses		(4,110,194)	(3,658,937)
Deficit before income tax (expense)/benefit		(58,107)	(21,194)
Income tax (expense)/benefit	4	15,825	(45,154)
Deficit after income tax (expense)/benefit for the year attributable to the members of Australian Restructuring Insolvency & Turnaround Association		(42,282)	(66,348)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Australian Restructuring Insolvency & Turnaround Association		(42,282)	(66,348)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,567,481	2,951,642
Trade and other receivables	6	30,904	147,816
Other assets	8	507,834	127,045
Total current assets		3,106,219	3,226,503
Non-current assets			
Property, plant and equipment	9	2,748	88,117
Right-of-use assets	7	912,334	152,870
Deferred tax assets	4	140,991	125,166
Total non-current assets		1,056,073	366,153
Total assets		4,162,292	3,592,656
LIABILITIES			
Current liabilities			
Trade and other payables	10	463,858	508,871
Borrowings	11	158,995	167,289
Provisions	12	141,019	106,743
Unearned revenue	13	872,063	1,029,513
Total current liabilities		1,635,935	1,812,416
Non-current liabilities			
Borrowings	11	756,320	–
Provisions	12	212,010	179,931
Total non-current liabilities		968,330	179,931
Total liabilities		2,604,265	1,992,347
Net assets		1,558,027	1,600,309
EQUITY			
Accumulated funds		1,558,027	1,600,309
Total equity		1,558,027	1,600,309

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2021

	Accumulated Funds \$	Total Equity \$
Balance at 1 January 2020	1,666,657	1,666,657
Deficit after income tax expense for the year	(66,348)	(66,348)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(66,348)	(66,348)
Balance at 31 December 2020	1,600,309	1,600,309
Balance at 1 January 2021	1,600,309	1,600,309
Deficit after income tax benefit for the year	(42,282)	(42,282)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(42,282)	(42,282)
Balance at 31 December 2021	1,558,027	1,558,027

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from operations		4,342,557	3,543,765
Government stimulus grants		147,535	418,600
Payments to suppliers and others		(2,998,406)	(1,731,127)
Payments for employees		(1,659,984)	(1,610,993)
Finance costs		(6,581)	(11,272)
Net cash (used in)/from operating activities		(174,879)	608,973
Cash flows from investing activities			
Payments for property, plant and equipment	9	(29,639)	(28,722)
Interest received		614	2,894
Net cash used in investing activities		(29,025)	(25,828)
Cash flows from financing activities			
Repayment of lease liabilities		(180,257)	(152,559)
Net cash used in financing activities		(180,257)	(152,559)
Net (decrease)/increase in cash and cash equivalents		(384,161)	430,586
Cash and cash equivalents at the beginning of the financial year		2,951,642	2,521,056
Cash and cash equivalents at the end of the financial year	5	2,567,481	2,951,642

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 1. GENERAL INFORMATION

The financial statements are for Australian Restructuring Insolvency and Turnaround Association (the Company) as an individual entity, incorporated and domiciled in Australia. The Company is a not-for-profit company limited by guarantee, incorporated under the Corporations Act 2001.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The Company applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Australian Accounting Standards (AAS) set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 14 April 2022 by the directors of the company.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of estimates and judgements

In preparing the financial statements in conformity with AAS – Reduce Disclosure Requirements judgements, estimates and assumptions are made that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which forms the basis of carrying values and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position reported in future periods.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

For the year ended 31 December 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Membership revenue

Revenue from membership subscriptions is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Revenue in relation to rendering of services is recognised upon delivery of the service to customers.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Income tax

The principle of mutuality applies to the Company's income tax liability, whereby income derived from members is not assessable for income tax. The income tax liability arises in respect of income derived from non-members, less certain allowable deductions.

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted by reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Financial instruments

Non-derivative financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company's non-derivative financial assets are cash and cash equivalents and patient, trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any impairment losses.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial liabilities are trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Given the non-for-profit nature of the Company, to the extent that future economic benefits of an asset are not primarily dependent on the assets ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits, value-in-use is assessed as the depreciated replace cost of the asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, including capitalised

borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Fixed asset class	Depreciation rate
Furniture and equipment	13.33%-40%
Leasehold improvements	20.87%
Computer equipment	33.33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The directors do not believe that there were any key estimates or key judgments used in the development of the financial statements that give rise to a significant risk of material adjustment in the future.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimate of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its

property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Company has determined that it expects most employee benefits to be taken within 24 months of the reporting period in which they were earned and that this change did not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 4. INCOME TAX

Amount recognised in profit or loss

	2021 \$	2020 \$
Income tax expenses		
Current tax	–	–
Deferred tax expenses		
Origination and reversal of timing differences and tax losses	(15,825)	45,154
Tax (benefit)/ expenses for the year	(15,825)	45,154

Numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rate

Deficit before income tax (expense)/benefit	(58,107)	(21,194)
Tax at the statutory tax rate of 25% (2020: 27.5%)	(14,527)	(5,828)
Tax effect of:		
– Non-deductible expenses and assessable income	25,161	2,275
– Non-assessable income and deductible expense	(26,459)	48,707
Income tax (benefit)/expense	(15,825)	45,154

Deferred tax asset

Deferred tax asset comprises temporary differences attributable to:

Amounts recognised in profit or loss:

– Provisions and accruals	13,526	15,448
– Tax losses	127,465	109,718

Deferred tax asset	140,991	125,166
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NOTE 5. CASH AND CASH EQUIVALENTS

Current

Cash on hand	300	300
Cash at bank	2,567,181	2,951,342
	2,567,481	2,951,642

NOTE 6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	6,350	25,684
Other receivables	24,554	122,132
	30,904	147,816

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 7. RIGHT-OF-USE ASSETS

Non-current assets

	2021 \$	2020 \$
Land and buildings – right-of-use	928,283	458,612
Less: Accumulated depreciation	(15,949)	(305,742)
	912,334	152,870

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and building \$	Total \$
Balance at 1 January 2021	152,870	152,870
Additions to right-of-use assets	928,283	928,283
Depreciation charge for the year	(168,819)	(168,819)
Balance at 31 December 2021	912,334	912,334

NOTE 8. OTHER ASSETS

Current

	2021 \$	2020 \$
Prepayments	279,159	60,914
Term deposit – bank guarantee	228,675	66,131
	507,834	127,045

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Non-current

Leasehold improvements – at cost	401,781	401,781
Less: Accumulated depreciation	(399,033)	(313,664)
	2,748	88,117
Fixtures and equipment – at cost	90,149	78,676
Less: Accumulated depreciation	(90,149)	(78,676)
	–	–
Computer equipment – at cost	110,742	92,576
Less: Accumulated depreciation	(110,742)	(92,576)
	–	–
	2,748	88,117

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements \$	Furniture and equipment \$	Total \$
Balance at 1 January 2021	88,117	–	88,117
Additions	–	29,639	29,639
Depreciation expense	(85,369)	(29,639)	(115,008)
Balance at 31 December 2021	2,748	–	2,748

Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 10. TRADE AND OTHER PAYABLES

Current

	2020 \$	2019 \$
Trade payables	76,338	59,323
GST payable	43,733	77,445
Accrued expenses and other payables	343,787	372,103
	463,858	508,871

NOTE 11. BORROWINGS

Current liabilities

Lease liability	158,995	167,289
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Non-current liabilities

Lease liability	756,320	–
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NOTE 12. PROVISIONS

Current

Annual leave	120,406	89,631
Long service leave	20,613	17,112
	141,019	106,743

Non-current

Long service leave	112,010	79,931
Lease make good	100,000	100,000
	212,010	179,931

NOTE 13. UNEARNED REVENUE

Current

Membership subscriptions	829,587	992,895
Education, events and other income in advance	42,476	36,618
	872,063	1,029,513

NOTE 14. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel is defined by AASB 124 'Related Party Disclosures' as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

The aggregate of remuneration made to five (2020: five) key management personnel of the company are as follows:

– Total key management personnel compensation	968,942	892,323
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Notes to the Financial Statements continued

For the year ended 31 December 2021

NOTE 15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at the end of the financial year.

NOTE 16. RELATED PARTY DISCLOSURE

Other than the compensation of key management personnel, which is separately disclosed in these statements, there were no related party transactions during the financial year.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 18. COMPANY DETAILS

The registered office and principal place of business of the company is:
Australian Restructuring Insolvency and Turnaround Association
Suite 2, Level 5,
66 Clarence Street,
Sydney NSW 2000

Directors' Declaration

For the year ended 31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Brereton

Director

14 April 2022



Rachel Burdett

Director

14 April 2022

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Independent Auditor's Report to the Members of Australian Restructuring Insolvency and Turnaround Association

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Restructuring Insolvency and Turnaround Association (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information in Australian Restructuring Insolvency and Turnaround Association's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.


In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Nexia Sydney Audit Pty Ltd



Vishal Modi

Director

Dated this 21st day of April 2022



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